

CHAPTER 1
RULES APPLICABLE TO ALL CHAPTERS

264—1.1(80GA,HF692,HF683) Definitions. Unless otherwise stated, the following definitions shall apply:

“*Advisory board*” means the loan and credit guarantee advisory board established in 2003 Iowa Acts, House File 692, section 106, and composed of seven members.

“*Applicant*” means a business that submits an application for Iowa values fund financial assistance.

“*Board*” or “*Iowa values board*” means the grow Iowa values board established in 2003 Iowa Acts, House File 692, section 78, and composed of 11 voting members and 4 ex officio nonvoting members.

“*Business*” includes, but is not limited to, a sole proprietorship, partnership or corporation organized for profit or not-for-profit under the laws of the state of Iowa or another state, the United States, or another country and which is likely to contribute to achieving the goals and performance measures as described in 2003 Iowa Acts, House File 692, section 83.

“*Committee*” or “*due diligence committee*” means the due diligence committee established in 2003 Iowa Acts, House File 692, section 80, and composed of five members.

“*Department*” means the Iowa department of economic development created in Iowa Code chapter 15.

“*Fund*” or “*values fund*” means the grow Iowa values fund created in 2003 Iowa Acts, House File 692, section 84.

“*Marketing board*” means the economic development marketing board created in 2003 Iowa Acts, House File 692, section 85, and composed of seven members.

“*Project*” means the activity or activities proposed by an applicant which will require state assistance to accomplish and will contribute to the achievement of the goals established in 2003 Iowa Acts, House File 692, section 83.

“*Recipient*” means a business that receives financial assistance from the fund.

“*Review commission*” means the Iowa values review commission established in 2003 Iowa Acts, House File 692, section 81, and composed of three members.

264—1.2(80GA,HF692,HF683) Values fund.

1.2(1) Purpose.

a. The statutory purpose of the grow Iowa values fund is to expand and stimulate the state economy, increase the wealth of Iowans, and increase the population of the state. The approval of an application should contribute to achieving one or more of such goals.

b. The fund is structured to provide financial assistance for business start-ups, business expansions, business modernization, business attraction, business retention, and marketing. The fund may also be used for rail, air, or river port transportation-related purposes when such use is directly related to an economic development project and the funds involved are also used to leverage other money. In addition, one half of one percent of the funds appropriated by 2003 Iowa Acts, House File 683, section 66, is allocated to the department for administrative purposes.

1.2(2) Values fund and board authority. The values fund includes money appropriated to the fund by the general assembly, interest earned, repayments and recaptures of loans and grants. The fund is under the control of the board. The board shall approve or deny applications for financial assistance from money appropriated to the fund pursuant to 2003 Iowa Acts, House File 683, section 66.

1.2(3) Allocation of money in the fund.

a. Money appropriated to the fund is to be used for the purposes stated in subrule 1.2(1), including funding for programs administered by the department. These appropriations are subject to actual receipt of moneys by the fund. If money received by the fund is less than the amount appropriated, such amount will be prorated proportionately. The board shall allocate a percentage of the moneys for business start-ups, business expansion, business modernization, business attraction, business retention, and marketing. The board will allocate funds semiannually. The board may adjust the allocation if it determines that it is necessary to do so to ensure the availability of funds in those categories in which the greatest need is demonstrated to exist or to respond to investment opportunities. The board may allocate an amount to the VAAPFAP program (rules for the VAAPFAP program are located at 261—Chapter 57), the CEBA program (rules for the CEBA program are located at 261—Chapter 53), the entrepreneurial ventures assistance (EVA) program (rules for the EVA program are located at 261—Chapter 60), the targeted small business financial assistance program (TSBFAP)(rules for the TSBFAP are located at 261—Chapter 55) and other programs administered by the department. The department may use funds appropriated under 2003 Iowa Acts, House File 683, section 66, to procure technical assistance from either the public or private sector, for information technology purposes, and for rail, air, or river port transportation-related purposes.

The board may allocate a portion of the funds to assist start-up businesses. Start-up businesses are defined as those that have been in business for less than three years. A start-up business shall demonstrate that its project has an identifiable, viable market; a viable product ready for market; and a commitment to stay in Iowa. Start-up businesses are exempt from the wage level and job count requirements in these rules.

b. Applications submitted by businesses seeking financial assistance from programs that are administered by the department, but funded with values fund money shall comply with the department's application procedures for those programs. Notwithstanding the foregoing, the board shall have final authority to approve or deny such applications where such authority is granted to the board by law.

264—1.3(80GA,HF692,HF683) Principles. In reviewing applications for values fund assistance, the board, the committee and the department will encourage applicants to give consideration to the following principles:

1.3(1) Efficient and effective use of land resources and existing infrastructure by encouraging development in areas having existing infrastructure or the capacity to avoid costly duplication of services and costly use of land.

1.3(2) Provision for a variety of transportation choices, including pedestrian traffic.

1.3(3) Maintenance of local cultural, historical and natural environmental features.

1.3(4) Conservation of open space and farmland and preservation of critical environmental areas.

1.3(5) Promotion of the safety, livability, and revitalization of existing urban and rural communities.

264—1.4(80GA,HF692,HF683) Federal funds and the Section 106 process. If it is determined that Section 106 of the National Historic Preservation Act (Section 106) applies to a project receiving an award of federal money from the fund, the recipient shall comply with applicable requirements and cooperate with the board, the department and the department of cultural affairs in ensuring compliance with the requirements of Section 106. The Section 106 process requires recipients of federal funds to take into account the effect of their undertakings on historic properties and afford the state historic preservation office (SHPO) a reasonable opportunity to comment on such undertakings. It is determined that Section 106 applies to a project, compliance with the Section 106 process shall be a condition of disbursement of funds.

264—1.5(80GA, HF692, HF683) Contract administration.

1.5(1) *Notice of award.* Successful applicants will be notified in writing of the board's award of assistance, including any conditions and terms of the approval.

1.5(2) *Contract required.* The board shall direct the department to prepare an agreement, which includes, but is not limited to, a description of the project to be completed by the business; the wage, job and education standards of the jobs to be created or retained that contribute to attaining the statutory goals of the fund; length of the project period; conditions to disbursement as approved by the board; and the reimbursement requirements of the business or other penalties imposed on the business in the event the business does not fulfill its obligations described in the contract and other specific repayment provisions ("clawback provisions") to be negotiated on a project-by-project basis. Successful applicants will be required to execute an agreement within 120 days of the approval. Failure to do so may result in action by the board to rescind the award. The 120-day time limit may be extended by the board for good cause shown.

1.5(3) *Amendments.* Any substantive change to a funded project will require a contract amendment approved by the board. Substantive changes include, but are not limited to, contract time extensions, budget revisions, and significant alterations of existing activities or beneficiaries. No amendment will be valid until approved by the board.

264—1.6(80GA, HF692, HF683) Rules expiration date. Rescinded IAB 11/12/03, effective 10/22/03.

These rules are intended to implement 2003 Iowa Acts, House Files 692 and 683.

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